



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

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MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (RESEARCH,  
DEVELOPMENT & ACQUISITION)  
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,  
DEVELOPMENT & ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)  
DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION  
REFORM)  
DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS)

SUBJECT: Total Ownership Cost (TOC) Pilot Programs

I applaud your recent efforts in acquisition reform, logistics reform, and life cycle integration. To ensure continued momentum on the TOC Pilot Programs following the Defense Systems Accountability Council, you are directed to coordinated efforts on the TOC Pilot Programs with the Defense Acquisition Pilot Programs, Consulting Group on Metrics (PPCG). The PPCG is an existing working group under the Acquisition Reform Senior Steering Group. The PPCG is chaired by the Office of the Deputy Under Secretary of Defense (Acquisition Reform) with membership from the Department of Defense Inspector General, Comptroller, Defense Systems Management College, Defense Contract Management Command, Defense Contract Audit Agency, Cost Analysis Improvement Group and the Components. I direct Deputy Under Secretary of Defense (Logistics) to serve as the lead functional proponent and Deputy Under Secretary of Defense (Acquisition Reform) to support the Services with regulatory and statutory relief, as required, similar to the Defense Acquisition Pilot Programs.

I anticipate an array of TOC Pilot Programs from each Component that collectively span the entire life cycle. I direct DUSD(L) and DUSD(AR) to assist and facilitate common metrics across the Services through the PPCG. Membership of the PPCG should be adjusted to reflect the total life cycle focus of the TOC Pilot Programs. Coordination through the PPCG will minimize duplicate reporting, ease reporting burdens on the Components, and provide a broader base for continued process improvement.

  
J. S. Gansler